



## SOCIAL SECURITY ADMINISTRATION

2 CFR Part 2300

20 CFR Parts 435 and 437

[Docket No. SSA-2015-0022]

RIN 0960-AH73

Federal Awarding Agency Regulatory Implementation of Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

AGENCY: Social Security Administration.

ACTION: Final rule.

**SUMMARY:** This final rule adopts the joint interim final rule that was published in the Federal Register on December 19, 2014. This final rule implements the final guidance Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) published by the Office of Management and Budget (OMB) on December 26, 2013. This rule brings into effect the Uniform Guidance as required by OMB.

Implementation of this guidance by all Federal award-making agencies will reduce administrative burden and risk of waste, fraud, and abuse for the approximately \$600 billion per year awarded in Federal financial assistance government wide. The result will be more Federal dollars reprogrammed to support the mission, an increase in the number of new entities able to compete and win awards, and ultimately a stronger framework to provide key services to American citizens and support the basic research that underpins the United States economy.

DATES: This final rule is effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: For general information, please contact Christopher Brennan, Division Director, at the Social Security Administration Office of Acquisition and Grants 6401 Security Boulevard, Baltimore, MD 21235, or via telephone at (410) 966-0392.

#### SUPPLEMENTARY INFORMATION:

##### Background

This final rule adopts the joint interim final rule that was published in the Federal Register on December 19, 2014 (available at 79 FR 75871).<sup>1</sup> The joint interim final rule implemented for all Federal award-making agencies the final guidance *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* published by the Office of Management and Budget (OMB) on December 26, 2013 in 2 CFR part 200 (Uniform Guidance- available at 78 FR 78589). The Uniform Guidance followed on a Notice of Proposed Guidance issued February 1, 2013 (available at 78 FR 7282), and an Advanced Notice of Proposed Guidance issued February 28, 2012 (available at 77 FR 11778). The final guidance incorporated feedback received from the public in response to those earlier issuances. Additional

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<sup>1</sup> The Interim Final Rule is available at: <http://www.gpo.gov/fdsys/pkg/FR-2014-12-19/pdf/2014-28697.pdf>.

supporting resources are available from the Council on Financial Assistance Reform at [www.cfo.gov/COFAR](http://www.cfo.gov/COFAR).

The Uniform Guidance delivered on two presidential directives; Executive Order 13520 on Reducing Improper Payments (74 FR 62201; November 15, 2009), and February 28, 2011 Presidential Memorandum on Administrative Flexibility, Lower Costs, and Better Results for State, Local, and Tribal Governments, (Daily Comp. Pres. Docs.; <http://www.gpo.gov/fdsys/pkg/DCPD-201100123/pdf/DCPD-201100123.pdf>). It reflected more than two years of work by the Council on Financial Assistance Reform to improve the efficiency and effectiveness of Federal financial assistance. For a detailed discussion of the reform and its impacts, please see the Federal Register notice for the issuance of the final guidance (78 FR 78589).

With this final rule, we are adopting OMB's uniform guidance to make technical corrections where needed into our chapter of title 2 of the CFR. With respect to the technical corrections that OMB is issuing, these corrections are included only where it has come to the attention of the COFAR that particular language in the final guidance did not match with the COFAR's intent and would result in an erroneous implementation of the guidance. These technical corrections were detailed in the interim final rule published in the Federal Register on December 19, 2014 (available at 79 FR 75871)

Regulatory Procedures

Executive Order 12866 as supplemented by Executive Order 13563

Pursuant to Executive Order 12866 as supplemented by Executive Order 13563, OMB's Office of Information and Regulatory Affairs (OIRA) has designated this joint interim final rule to be not significant.

Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA) requires an agency that is issuing a final rule to provide a final regulatory flexibility analysis or to certify that the rule will not have a significant economic impact on a substantial number of small entities. The common interim final rule implemented OMB final guidance issued on December 26, 2013, and will not have a significant economic impact beyond the impact of the December 2013 guidance.

Paperwork Reduction Act

In accordance with the Paperwork Reduction Act of 1995 (44 U.S.C. Ch. 3506; 5 CFR 1320 Appendix A.1) (PRA), each agency reviewed its final rule and determined that there are no new collections of information contained therein. However, the OMB uniform guidance in 2 CFR 200 may have a negligible effect on burden estimates for existing information collections, including recordkeeping requirements for non-Federal entities that receive Federal awards.

Administrative Procedure Act (5 U.S.C. 553)

Waiver of Proposed Rulemaking In General

OMB offered the public two opportunities to comment on the Uniform Guidance, first through an advanced notice of proposed guidance and, second, through a notice of proposed guidance. OMB considered over 300 comments submitted in response to each of these notices. OMB has directed agencies to adopt the uniform guidance in part 200 without change, except to the extent that an agency can demonstrate that any conflicting agency requirements are required by statute or regulations, or consistent with longstanding practice and approved by OMB. Finally, OMB made clear that the requirements in 2 CFR part 200, including the audit requirements in subpart F, will apply, starting on December 26, 2014, which gave recipients of all types of financial assistance advance notice of when the regulations would become effective. Therefore, under 5 U.S.C. 553(b)(B), there is good cause for waiving proposed rulemaking as unnecessary.

#### Waiver of Delayed Effective Date In General

Generally, those agencies that are subject to the Administrative Procedures Act (APA) are required to delay the effective date of their final regulations by 30 days after publication, as required under 5 U.S.C. 553(d), unless an exception under subsection (d) applies.

Under 5 U.S.C. 553(d), these agencies may waive the delayed effective date requirement if they find good cause and explain the basis for the waiver in the final rulemaking document or if the regulations grant or recognize an exemption or relieve a restriction. In the present case, there is good cause to waive the delayed effective date for two reasons.

First, OMB informed the public on December 26, 2013, that agencies would be required to adopt the Uniform Guidance and make it effective by December 26, 2014. The public has had significant time to prepare for the promulgation of these interim final regulations.

Second, while these interim final regulations are based on a new, more effective method for establishing government-wide requirements, the substance of the regulations are, in most cases, virtually identical to the requirements that exist in current agency regulations. In virtually all cases where the new regulations depart from prior OMB guidance to agencies, the new regulations reduce burdens on the public, for example, by increasing the threshold for single audits from \$500,000 to \$750,000.

Based on these considerations, since we are subject to the APA, we have determined that there is good cause to waive the delayed effective date for this final rule.

#### Unfunded Mandates Reform Act of 1995 Determination

Section 202 of the Unfunded Mandates Reform Act of 1995 (Unfunded Mandates Act) (2 U.S.C. 1532) requires that covered agencies prepare a budgetary impact statement before promulgating a rule that includes any Federal mandate that may result in the expenditure by State, local, and tribal governments, in the aggregate, or by the private sector, of \$100 million or more in any one year. If a budgetary impact statement is required, section 205 of the Unfunded Mandates Act also requires covered agencies to identify and consider a reasonable number of regulatory alternatives before promulgating a rule. OMB has determined that the joint interim final rule will not result in expenditures by State, local, and tribal governments, or by the private

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sector, of \$100 million or more in any one year. Accordingly, we have not prepared a budgetary impact statement or specifically addressed the regulatory alternatives considered.

Executive Order 13132 Determination

OMB determined that the joint interim final rule did not have any Federalism implications, as required by Executive Order 13132.

(Catalog of Federal Domestic Assistance Program Nos. 96.001, Social Security—Disability Insurance; 96.002, Social Security—Retirement Insurance; 96.004, Social Security—Survivors Insurance; 96.006, Supplemental Security Income; 96.007, Social Security Research and Demonstration; 96.008, Social Security – Work Incentives Planning and Assistance Programs; 96.009, Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries.)

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Carolyn W. Colvin,

Acting Commissioner of Social Security.



For the reasons set forth in the preamble, we are adopting the interim final rule, which was published on December 19, 2014 (available at 79 FR 75871) that amended 2 CFR chapter XXIII and, under the authority of 5 U.S.C. 301, removed and reserved parts 435 and 437 of title 20, chapter III of the Code of Federal Regulations as a final rule without any further changes.

[FR Doc. 2015-28432 Filed: 11/9/2015 8:45 am; Publication Date: 11/10/2015]